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per share obviously is determined by dividing the number of common shares outstanding into such excess.

As profits are derived from operation, or assets otherwise increase in value, without increase in liabilities or preferred capital, so, subject to distribution of dividends to either preferred or common shareholders, the equity and corresponding value of the common shares increase. When losses are sustained, there are shrinkages of asset values, or increases in liabilities without corresponding increases in assets, the value of the common shares diminishes.

The prospective purchaser of common shares is, therefore, charged with investigation and his attention is naturally directed to the balance sheet which is presumed to supply the information necessary to enable him to ascertain the value of the shares. While it may be true that the market price of the shares is indicative of their value, this obviously may not be taken as a true index thereof since there are many outside influences bearing on the market quotations. For example, the net asset value per share of United States Rubber Company common stock, according to the published balance sheet of December 31, 1920, was $166.70; yet on the same date the common stock sold at 66⅞. This asset value was after the deduction of liberal reserves, including dividends payable a month later, and would undoubtedly have a strong bearing on the consideration of the stock by a prospective speculative investor, although ignored by a purchaser who might desire the stock for use as collateral.

The argument may be advanced that it is frequently difficult to obtain balance sheets sufficiently recent to be of practical value in this respect and that brokers are not interested in supplying such statements for the convenience of prospective purchasers. It nevertheless appears that if the buyer of stocks is to exercise intelligent judgment in so doing, he will naturally turn to the balance sheet as a means of information regarding the asset value of the stock. Increasing demand of such character cannot but help, it seems, to exert an influence on corporations which will tend to make them bring out their balance sheets more frequently than at present. This should be especially true of those which depend or pride themselves upon a wide distribution of stock in the hands of the general public.

(To be continued)

We announce the appointment, effective July 11 and July 25, 1921, respectively, of Messrs. W. M. Trant and C. R. Kelley as assistant managers of the Denver Office. The former will give particular attention to reports and professional training; the latter to tax accounting.

Announcement is also made of the appointment, effective August 1, 1921, of Mr. F. E. Chamberlin as assistant manager of the Cleveland Office.

We note with pleasure that Mr. J. A. Padon, manager of the Tulsa Office, has recently obtained the C. P. A. certificate of the State of Oklahoma.

Our office at Los Angeles was removed on August 1, 1921, to the Pacific Mutual Life Building, 6th Street and Grand Avenue, Los Angeles.

PRESS OF WILLIAM GREEN, NEW YORK